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**U.S. Files WTO Case Against Mexico's Antidumping
Restrictions on Beef and Rice Exports**

WASHINGTON – U.S. Trade Representative Robert B. Zoellick announced today that the United States is filing a WTO case against Mexico in connection with Mexico's antidumping orders on U.S. beef and white long grain rice. The consultations will also cover aspects of Mexico's recently amended antidumping and countervailing duty laws. Today's actions begin a 60-day consultation period, which is required in WTO disputes.

"Trade remedies are an essential part of the rules-based international trading system – but they must be used in accordance with those rules," Zoellick said. "By filing a WTO case today, we are working to ensure that Mexico doesn't use foreign trade remedy laws as unfair barriers to U.S. products, and that these laws are administered in a transparent and predictable manner in accordance with WTO rules. American ranchers and rice farmers expect to have fair market access for their products in Mexico."

"Since NAFTA, Mexico has become our third largest market for food and agricultural products. It is unfortunate that we could not resolve these matters bilaterally. But, we have been patient and now must ensure that the trade agreements are fully enforced," said Agriculture Secretary Ann M. Veneman. "Our farmers expect that 'a deal is a deal' and must be lived up to."

In 2002, the United States exported \$829 million of beef products and \$103 million of rice to Mexico. In its consultation request, the United States identifies numerous apparent violations of Mexico's obligations under several WTO agreements, including the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (Antidumping Agreement), the Agreement on Subsidies and Countervailing Measures (SCM Agreement), and the General Agreement on Tariffs and Trade 1994 (GATT 1994). These violations relate to various procedures and methodologies Mexican authorities used in the beef and rice investigations, as well as to the requirements of the Mexican legislation.

In particular, the consultations will cover issues such as Mexico's choice of data used in the investigations, its methodology for determining whether the Mexican industries were injured by reason of dumped imports, its failure to terminate the investigations when it found that dumping or injury were not occurring, its calculations of dumping duty rates applicable to imports and its non-transparent determinations. If the consultations fail to resolve the dispute, the United States

could proceed to request the establishment of a panel to consider the U.S. complaints on these or related issues discussed in the consultations.

Background

Mexico imposed antidumping duties on U.S. beef in April 2000, and on U.S. white long grain rice in June 2002. In addition, Mexico passed amendments to its antidumping and countervailing duty laws in December 2002.

Under international trade laws, one country accuses another of “dumping” when it believes products are being imported below their cost or home-market price and the country believes its own producers are being injured by those imports.

Today’s consultation request is the first step under WTO dispute settlement rules. If the consultations fail to resolve the dispute within 60 days, the United States will be entitled to request that a panel be established to consider the U.S. complaint and determine whether Mexico is acting in accordance with its WTO obligations. The WTO dispute settlement process takes about 18 months, if there is an appeal.

The United States has previously brought WTO challenges against Mexico’s antidumping investigations of high fructose corn syrup and swine. Mexico withdrew both orders as a result of these challenges.

Mexico's antidumping measure on beef is already the subject of a case that the U.S. beef industry brought under Chapter Nineteen of the North American Free Trade Agreement. The NAFTA case is addressing whether the Mexican determination is consistent with the legal requirements of Mexico's antidumping law. The case being filed today, which involves a broader number of issues, will examine instead whether the determination is consistent with WTO rules. A decision in the NAFTA case is expected by the end of August.

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